ANNUAL REPORT

1972

NOTICE OF MEETING

INFORMATION CIRCULAR





DIRECTORS

A. C. MOSHER - - - - - - Toronto, Ontario

C. R. ELLIOTT - - - - Bowmanville, Ontario

M. P. CONNELL - - - - - Toronto, Ontario

OFFICERS

A. C. MOSHER - - - - - President

D. B. MacDERMOTT - - - - Secretary

J. C. LAMACRAFT - - - - - Treasurer

HEAD OFFICE

TENTH FLOOR, 85 RICHMOND STREET WEST Toronto, Ontario

TRANSFER AGENT AND REGISTRAR

MONTREAL TRUST COMPANY
Toronto, Ontario

AUDITORS

RIDDELL, STEAD & Co. Toronto, Ontario

BANKERS

THE ROYAL BANK OF CANADA Toronto, Ontario

SOLICITOR

D. B. MACDERMOTT Toronto, Ontario

ANNUAL MEETING

June 28, 1973, 2:30 P.M. Algonquin Room, Royal York Hotel Toronto, Ontario





Tenth Floor
85 Richmond Street West
Toronto, Ontario
M5H 2G1

NOTICE OF ANNUAL AND GENERAL MEETING OF SHAREHOLDERS

To the Shareholders:

Notice is hereby given that the Annual and General Meeting of the Shareholders of Calmor Iron Bay Mines Limited will be held at the Algonquin Room, Royal York Hotel, 100 Front Street West, Toronto, Ontario, Thursday, June 28, 1973, at the hour of 2:30 o'clock in the afternoon (Toronto time), for the following purposes:—

- 1. To receive the annual report of the directors.
- 2. To receive the financial statements of the Corporation for the year ended December 31, 1972, together with the auditors' report thereon.
- 3. To consider and if deemed appropriate to ratify By-law A-10, being a by-law to increase the Board from 3 directors to 5 directors and to change a quorum for a meeting of the Board from 2 directors to 3 directors.
- 4. To elect directors.
- 5. To appoint auditors and to authorize the directors to fix their remuneration.
- 6. To transact such other business as may properly come before the meeting.

By order of the Board of Directors,

D. B. MacDERMOTT,
Secretary.

Dated May 28, 1973. Toronto, Ontario.

See Pages 9 and 10 for Information Circular.



Report of the Directors

To the Shareholders, Calmor Iron Bay Mines Limited,

Your directors submit herewith for your consideration the financial statements of the Company as at December 31, 1972 and your auditors' report thereon.

Royalties from The Griffith Mine during 1972 amounted to \$159,000. The Agreement between your Company and The Steel Company of Canada, Limited provides for escalation of the royalty rate proportionately with increases in the price of iron ore pellets. Since the year end, the royalty rate has been increased to 11.66 cents per ton compared to 11.11 cents received during the year.

The Company holds 125,000 shares in Almos Mines Limited which holds 18 mining claims in the Sturgeon Lake Area of the Province of Ontario. No work was undertaken on these mining claims during the winter of 1972-73 as all known anomalies had been tested without encouraging results.

Your Company held a 40% interest in 271 mining claims approximately nine miles northeast of Mattabi Mines Limited. During the winter of 1972-73 four known geophysical anomalies were tested by diamond drilling. Three of the conductors were tested by one hole each and no significant mineralization was encountered. The fourth anomaly, which was intersected by two drill holes, yielded sub-economic copper values over short footages. In early 1973, a geophysical survey was carried out over the zone which yielded the sub-economic copper values and a further diamond drill hole eliminated any potential for the zone. The 271 mining claims were relinquished to the original optionors.

GENERAL EXPLORATION

During the year, Conwest and its associates (the Conwest Group) participated in exploration expenditures as follows:—

Conwest Exploration Company Limited	\$1,156,300.
Central Patricia Gold Mines Limited	208,500.
Chimo Gold Mines Limited	260,400.
Calmor Iron Bay Mines Limited	166,700.
Total Cost to the Group	\$1,791,900.
Expenditures by others on projects in which the Conwest Group participated	530,000.
Total Exploration Exposure	\$2,321,900.

The joint exploration agreement between Conwest, Central Patricia Gold Mines Limited, Chimo Gold Mines Limited and Calmor Iron Bay Mines Limited, which came into effect January 1, 1972, sets out the terms of participation with Conwest in mineral exploration

initiated after that date. All exploration costs related thereto and the interests earned are shared in the following proportions:—

Conwest Exploration Company Limited Central Patricia Gold Mines Limited	combined	663/3 %
Chimo Gold Mines Limited		20%
Calmor Iron Bay Mines Limited		131/3 %
		100%

Pursuant to the joint exploration agreement related to exploration projects undertaken subsequent to January 1, 1972 referred to above, the following projects were carried out:—

British Columbia

The Conwest Group and two other partners supported a prospecting syndicate in British Columbia managed by Messrs. Bacon & Crowhurst of Vancouver. This prospecting programme will continue in 1973.

Yukon Territory

Together with Jorex Limited, the Conwest Group supported a programme in the Klondike Goldfield. The geochemical results in this permafrost area were not impressive and the Conwest Group has withdrawn from the project.

Northwest Territories

The Conwest Group supported with others a prospecting syndicate managed by Cordilleran Engineering Limited seeking lead-zinc deposits in carbonate rocks. Although some mineralization was found, the Conwest Group have decided not to participate in the syndicate in 1973.

Ontario

An option to purchase was obtained on a group of claims at the western end of Sturgeon Lake adjoining the large claim block held by Chimo Gold Mines Limited. Geophysical surveys and diamond drilling carried out in conjunction with similar work on the Chimo claim block failed to find significant mineralization.

As a result of geological reconnaissance and mapping in the Sturgeon Lake area during the year, an option was obtained on a claim group on the south shore of Sturgeon Lake. Geophysical surveys were carried out over the geologically interesting part of the claim block early in 1973. Diamond drilling completed in March failed to encounter any commercial mineralization.

Vermont, U.S.A.

A programme of geophysical and geochemical reconnaissance was carried out in a former copper mining district by Prospecting Geophysics Limited on behalf of the Conwest Group. This programme has resulted to date in the acquisition of options to purchase two properties which will be drilled in 1973.

Montana, U.S.A.

During the year, the Conwest Group negotiated an option to purchase the Alta Mine property in Montana, where production of silver-lead-zinc from relatively narrow, good grade orebodies ceased prior to 1900. It is planned to diamond drill the host structure down dip and along strike from the previously mined ore zones.

Other Exploration Activity

Elsewhere in Canada and the United States, properties were examined and prospecting, geological reconnaissance, air and ground geophysical surveys, and shallow diamond drilling were carried out. In Canada, this work took place in the Kamloops, B.C. area, in northern B.C., in the Yukon, in the middle and eastern parts of the Northwest Territories, in the Ruttan Lake area of Manitoba, in the Burchell, Onaman and Frond Lake areas of Ontario, and in northwestern Quebec.

In early January, 1973, Kennco Explorations (Western) Limited accepted an offer from the Conwest Group to enter into an arrangement to explore and if warranted, develop its mineral claim holdings known as the Chappelle Prospect in the Toodoggone River Area, 170 miles north of Smithers, British Columbia.

Geochemical reconnaissance and prospecting in the area by Kennco disclosed gold-silver bearing quartz veins on the 170 claim group. The principal gold-silver bearing quartz vein has been exposed intermittently by stripping for a strike length of 1,450 feet. Within this, a section of 350 feet long and 10 feet in average width is continuously mineralized with interesting values in both gold and silver.

The principal terms of the arrangement are that Conwest commits to spend \$250,000. within 12 months of an ascertainable date and has the right to spend a further \$750,000. within 30 months of the ascertainable date. At any time within the said 30 month period, Conwest may give notice of a production decision. Upon having spent an aggregate of \$1,000,000. and elected to commence production, it will acquire a 50% interest. Kennco's 50% interest is carried through production and Conwest recovers its expenditure as a first charge against 80% of the cash flow. The remaining 20% of cash flow will be paid in equal portions to Kennco and Conwest until Conwest's expenditures are repaid, at which time, the cash flow will be shared equally. Initial exploration currently in progress will consist of drifting on the vein 150 feet below the surface exposure and diamond drilling to locate the zone at greater depth. The estimated cost of this programme is \$300,000.

Your Company will continue its participation in the Conwest Group exploration on the same basis.

On Behalf of the Board,

A. C. MOSHER, President.

Toronto, Ontario, May 28, 1973.



(Incorporated under the laws of Ontario)

BALANCE SHEET AS AT DECEMBER 31, 1972

(with comparative figures at December 31, 1971)

ASSETS

Current	1972	1971
Cash and term deposits Royalty receivable Accounts receivable	\$ 15,422 39,910 2,461	\$ 42,019 36,527 560
	57,793	79,106
INVESTMENT IN MINING COMPANIES AND PROPERTIES (Notes 1 to 5)		
Shares with a quoted market value, at cost (indicated market value 1972 — \$544,800; 1971 — \$560,000) Other shares, at cost Producing mining property less accumulated amortization of \$123,741	454,235 28,529	435,130 21,219
(1971 — \$92,368)	863,440	894,813
Other mining properties, at cost and expenditures thereon	73,400	25,992
	1,419,604	1,377,154
	\$1,477,397	\$1,456,260
LIABILITIES		
CURRENT		
Accounts payable	\$ 14,836	\$ 10,973
SHAREHOLDERS' EQUITY		
CAPITAL STOCK Authorized		
3,000,000 shares of no par value		
Issued	1 260 202	1 260 202
2,560,005 shares Retained Earnings	1,369,393 93,168	1,369,393 75,894
KETAINED LAKNINGS	1,462,561	1,445,287
	\$1,477,397	\$1,456,260
	\$1,477,397	\$1,430,200

On behalf of the Board:

A. C. MOSHER, Director.

C. R. ELLIOTT, Director.

AUDITORS' REPORT

To the Shareholders Calmor Iron Bay Mines Limited

We have examined the balance sheet of Calmor Iron Bay Mines Limited as at December 31, 1972 and the statements of income and retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1972 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario March 29, 1973 RIDDELL, STEAD & CO.

Chartered Accountants



STATEMENT OF INCOME AND RETAINED EARNINGS

For the Year Ended December 31, 1972

(with comparative figures for the year 1971)

Income	1972	1971
Royalties	\$ 158,918	\$ 151,535
Interest	1,670	428
	160,588	151,963
Expenses		
General exploration and administrative together with the cost of current and prior years' direct exploration and devel- opment expenditures on mining claims and properties		
which were abandoned during year (Note 1)	106,802	35,247
Amortization of producing mining property	31,373	29,916
Corporate	5,139	4,660
	143,314	69,823
NET INCOME FOR THE YEAR (Note 6)	17,274	82,140
Retained earnings (deficit) at beginning of year	75,894	(6,246)
RETAINED EARNINGS AT END OF YEAR	\$ 93,168	\$ 75,894

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the Year Ended December 31, 1972

(with comparative figures for the year 1971)

Source of Funds	1972	1971
Royalties	\$ 158,918	\$ 151,535
Interest	1,670	428
	160,588	151,963
Less purchase of investments	19,105	
Application of Funds	141,483	151,963
Expended upon exploration and development of mining claims including general exploration and administrative		
costs	166,659	61,507
INCREASE (DECREASE) IN WORKING CAPITAL	(25,176)	90,456
Working capital (deficiency) at beginning of year	68,133	(22,323)
WORKING CAPITAL AT END OF YEAR	\$ 42,957	\$ 68,133



NOTES TO FINANCIAL STATEMENTS December 31, 1972

1. ACCOUNTING POLICY

The company's policy is to write off all general exploration expenditures incurred during the year and to capitalize the direct cost of acquisition and expenditure on mining properties which were in good standing at the year end. Upon disposal or abandonment of such interest the net gain or loss is reflected in the statement of income and retained earnings.

2. Shares with A Quoted Market Value, at Cost

	December 31, 1972			
	No. of Shares	% of Outstanding Capital	Cost	Indicated Market Value
Chimo Gold Mines Limited	500,000	14.8%	\$ 435,130	\$ 525,000
Other investments with quoted market value			19,105	19,800
Total cost and indicated market value				
December 31, 1972			\$ 454,235	\$ 544,800
Total cost and indicated market value				
December 31, 1971			\$ 435,130	\$ 560,000

OTHER SHARES, AT COST

Offick blinkes, at Cost	December 31, 1972		972
	No. of Shares	% of Outstanding Capital	Cost
Nakina Mines Limited	287,500	29.5%	\$ 21,219
Almos Mines Limited	125,000	16.7%	7,310
Total cost December 31, 1972			\$ 28,529
Total cost December 31, 1971			\$ 21,219

4. PRODUCING MINING PROPERTY

The producing mining property consists of a 20% interest in 123 mining claims in the Bruce Lake area, District of Kenora, recorded at the value appraised by A. H. Ross & Associates on July 20, 1966. The basis of the valuation was an appraisal of the present value of the anticipated net income from royalties to be received pursuant to the property lease.

The property is leased to The Steel Company of Canada, Limited until April 30, 2040 and the company receives a royalty of 11.112 cents per ton based on quantities of iron ore pellets produced and shipped from the mine. The royalty rate is subject to change in proportion to changes in the prevailing Cleveland market price for Lake Superior District iron ore pellets. The property is being amortized on the unit of production basis at the rate of 2.1937 cents per ton.

5.	OTHER MINING PROPERTIES, AT COST AND EXPENDITURES THEREON		
	Balance at beginning of year		\$ 25,992
	Deduct		
	Prior years' expenditures charged to operations	\$ 1,020	
	Prior years' expenditures reclassified as cost of investments received		
	in consideration therefor	7,310	8,330

Current year's expenditures capitalized

Balance at end of year

17,662

55,738 \$ 73,400

INCOME TAXES

6.

Add

No provision for taxes is required because the company is in the three year tax exempt period as provided by the Income Tax Act. The exemption covers the period December 1, 1969 to November 30, 1972. As at December 31, 1972 the company had exploration and development expenditures available to apply against otherwise taxable income of future years.

7. **EXECUTIVE REMUNERATION**

The aggregate remuneration paid to the directors and senior officers of the company (as defined by The Business Corporations Act, 1970) amounted to \$13,600 (1971 — \$23,870).



INFORMATION CIRCULAR

Solicitation of Proxies

This statement is furnished by the management of Calmor Iron Bay Mines Limited, hereinafter called the "Corporation", in connection with the solicitation of proxies for use at the Annual and General Meeting of the Shareholders of the Corporation to be held on Thursday, June 28, 1973, at the Algonquin Room, Royal York Hotel, 100 Front Street West, Toronto, Ontario, at 2:30 o'clock in the afternoon (Toronto time), for the purposes set out in the accompanying notice of meeting.

Solicitation is being made by mail, which may be supplemented by telephone or other personal contact, to be made without special compensation by officers and employees of the Corporation. The Corporation will bear all expenses in connection with the solicitation of proxies but the Corporation will not reimburse shareholders, nominees or agents for any costs incurred in obtaining from their principals instruments of proxy or authorization to execute such proxies.

IN THE EVENT OF YOUR NOT BEING PRESENT AT THE ANNUAL AND GENERAL MEETING, THE MANAGEMENT OF THE CORPORATION SOLICITS YOUR PROXY AND YOU ARE REQUESTED TO FILL IN, DATE, SIGN AND RETURN THE ENCLOSED INSTRUMENT OF PROXY.

The shares represented by such proxy will be voted at the meeting and, where a choice with respect to any matter to be acted upon has been specified in the proxy, the shares, subject to The Business Corporations Act, 1970, of the Province of Ontario, will be voted in accordance with the specifications so made. WHERE NO CHOICE IS SPECIFIED WITH RESPECT TO ANY MATTER, THE SHARES SO REPRESENTED WILL BE VOTED IN FAVOUR OF SUCH MATTER.

Revocability of Proxy

Any proxy given by a registered shareholder may be revoked by notice in writing executed by the shareholder or his attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized and deposited either at the head office of the Corporation at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof, at which the proxy is to be used, or with the chairman of the Annual and General Meeting on the day of the meeting or adjournment thereof which shall be a valid revocation of such proxy, except as to any matter in which a vote may already have been cast pursuant to the authority conferred by such proxy.

Voting Shares and Principal Holders Thereof

As of May 28, 1973, the authorized capital of the Corporation is 3,000,000 shares without nominal or par value, all of which carry one vote, and of which 2,560,005 shares are issued and outstanding as fully paid and non-assessable. Only shareholders of record on June 28, 1973, the date of the Annual and General Meeting, are entitled to vote thereat. The registered holders of all issued shares are entitled at the Annual and General Meeting to one vote for each share held.

To the knowledge of the directors and senior officers of the Corporation, the following is the only shareholder beneficially owning, directly or indirectly, 10% or more of the issued and outstanding shares of the Corporation.

Name	Approximate Number of Shares Beneficially Owned	Percentage of Outstanding Shares
Chimo Gold Mines Limited	1,000,000	39.1

By-law Number A-10

BE IT ENACTED as a Special By-law of the Corporation as follows:

1. The number of directors of the Corporation is hereby increased from three to five so that the board of directors of the Corporation shall hereafter be composed of five directors.

- 2. Three directors shall constitute a quorum at any meeting of the board of directors.
- 3. All prior by-laws including By-law Number A-9 of the Corporation inconsistent herewith are hereby amended, modified and revised to give effect to this by-law.

PASSED by the directors this 28th day of May, 1973.

Election of Directors

The board of directors consists of three directors who are elected at the Annual Meeting to serve until the next Annual Meeting or until their successors are elected or appointed. It is intended to vote the shares represented by the proxies received pursuant to this solicitation by management for the election of the three nominees who are listed below. In the event that any vacancy occurs in the slate of nominees submitted herewith, which is not anticipated, it is intended that the persons named in the accompanying instrument of proxy reserve the right to vote for another person of their choice in place of the nominee who is unable to serve as a director. The names and pertinent information with respect to each of the nominees for election as directors as reported by each is shown below, including the year in which each nominee first became a director of the Corporation:

Proposed Nominees	Principal Occupation or Employment	Director From	Corporation Shares Beneficially Owned
Alexander C. Mosher President and Director	President, Chimo Gold Mines Limited	March 8, 1954	19,354
Charles R. Elliott Director	President, Conwest Exploration Company Limited, a mining exploration company	December 13, 1971	1
Martin P. Connell Director	Executive Vice-President, Conwest Exploration Company Limited	December 13, 1971	32,501

In the event that By-law Number A-10 is ratified it is intended to nominate Mr. Ian F. T. Kennedy and Mr. John C. Lamacraft to be directors and vote the proxies for their election. The pertinent information concerning Mr. Kennedy and Mr. Lamacraft is as follows:

Proposed Nominees	Principal Occupation or Employment	Corporation Shares Beneficially Owned
Ian F. T. Kennedy	Vice-President, Conwest Exploration Company Limited	10,000
John C. Lamacraft	Treasurer, Conwest Exploration Company Limited	4,501

Remuneration of Directors and Senior Officers

The aggregate direct remuneration paid by the Corporation during the year ended December 31, 1972, to the directors and senior officers was \$13,600.

Appointment of Auditors

It is proposed that Riddell, Stead & Co., Chartered Accountants, the present Auditors, be reappointed as auditors of the Corporation, to hold office until the next Annual Meeting of shareholders at a remuneration to be fixed by the board of directors of the Corporation. Riddell, Stead & Co. have been the auditors of the Corporation for more than five years.

Other Business

The management of the Corporation is not aware of any matters to be presented for action at the meeting other than those listed in the notice of meeting. However, if other matters properly come before the meeting, it is the intention of the persons named in the accompanying instrument of proxy to vote the said proxies in accordance with their best judgment on such matters.

By Order of the Board of Directors,

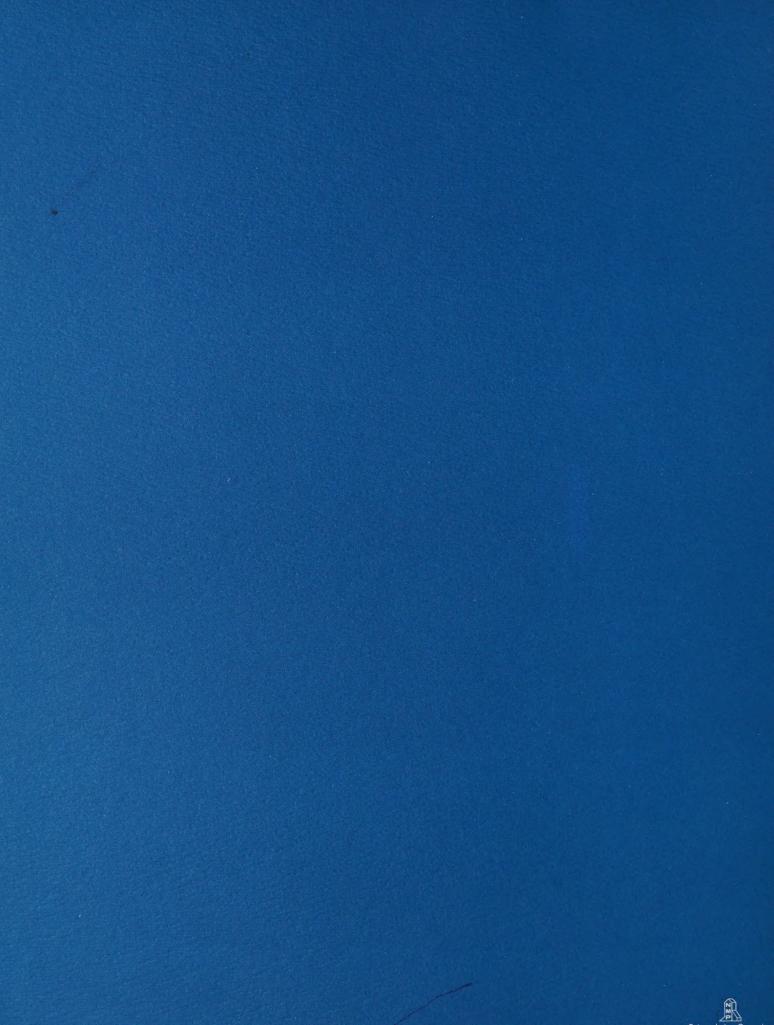
D. B. MacDERMOTT,

Secretary.

DATED May 28, 1973. Toronto, Ontario.







Tenth Floor 85 Richmond St. W. Toronto 110, Ont.



INTERIM REPORT TO SHAREHOLDERS

The unaudited balance sheet and related statements of income and retained earnings and source and application of funds for the six months ended June 30, 1972 are submitted for your information.

The exploration group consisting of your company, Conwest Exploration Company Limited, Central Patricia Gold Mines Limited, and Chimo Gold Mines Limited, is continuing its policy of aggressive mineral exploration in North America. Programmes of prospecting, geological mapping, geophysics, and geochemistry are well advanced on the exploration properties with follow-up diamond drilling to be done during the winter months on any drilling targets found by this work. In addition to carrying out the current programme the group under the management of Conwest is aggressively seeking and investigating other exploration and development possibilities.

A. C. MOSHER

President

Toronto, Ontario August 21, 1972

CALMOR IRON BAY MINES LIMITED

(Incorporated under the laws of Ontario)

BALANCE SHEET - JUNE 30, 1972

(with comparative figures as at December 31, 1971)

ASSETS

Current:	1972		1971	
Cash, short term se- curities and royalty receivable	\$	89,758	\$	79,106
Investment in Mining Companies and Properties:				
Shares with a quoted market value, at cost (market value 1972				
		405 400		405 400
\$560,000) Other shares and ad-		435,130		435,130
vances, at cost		22,660		21,219
Producing mining property less accu- mulated amortiza-				
tion		878,981		894,813
Other mining proper-				
ties at cost less ex- penditures thereon		51,375		25,992
	\$1	477,904	\$1	,456,260
		, ,	=	,,200

LIABILITIES AND SHAREHOLDERS' EQUITY

Current:

Accounts payable ... \$ 13,275 \$ 10,973

Shareholders' Equity:
Capital Stock:
Authorized —

of no par value

3,000,000 shares

STATEMENT OF INCOME AND RETAINED EARNINGS

Six Months Ended June 30

Income:	1972	1971
Royalties	\$ 80,513 865	\$ 75,957 —
	81,378	75,957
Expense:		
General exploration and administrative	46,204	25,139
mining property	15,832	14,995
	62,036	40,134
Net Income for Period	19,342	35,823
Retained Earnings (Deficit) Beginning of Period	75,894	(59,384)
Retained Earnings (Deficit) End of Period	\$ 95,236	\$ (23,561)

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Six Months Ended June 30

SIX WORKING Elided build of					
Source of Funds:	1972	1971			
Royalties and interest	\$ 81,378	\$ 75,957			
Application of Funds: Expended upon exploration and development of mining claims and properties including general exploration and					
administrative costs	73,028	31,138			
Increase in Working Capital for Period Working Capital (Deficiency)	8,350	44,819			
Beginning of Period	68,133	(22,323)			
Working Capital End of Period	\$ 76,483	\$ 22,496			

NOTE TO FINANCIAL STATEMENTS June 30, 1972

The balance sheet at June 30, 1972 and the related statements of income and retained earnings and source and application of funds for the six months ended on that date have not been examined by the company's auditors.